

For Immediate Release

Real Estate Investment Trust Securities Issuer
MORI TRUST Hotel Reit, Inc.
Representative: Amane Sakamoto, Executive Director
(Securities Code: 3478)

Asset Management Company
MORI TRUST Asset Management Co., Ltd.
Representative: Michio Yamamoto,
President and Representative Director

Contact: Nobuyuki Aizawa, General Manager,
Strategic Management Department,
Hotel REIT Management Division
(TEL: +81-3-6435-7011)

Notice Concerning Revisions to Forecast of Management Status for Fiscal Period Ending August 2020

MORI TRUST Hotel Reit, Inc. (“MORI TRUST Hotel Reit”) hereby announces today that it has revised the forecast of management status for the fiscal period ending August 2020 (March 1, 2020 to August 31, 2020) announced in “Summary of Financial Results (REIT) for Fiscal Period Ended February 29, 2020” dated April 23, 2020.

Details

1. Revisions to Management Status Forecast for Fiscal Period Ending August 2020 (March 1, 2020 to August 31, 2020)

	Operating Revenue million yen	Operating Income million yen	Ordinary Income million yen	Net Income million yen	Distributions per Unit (excluding distributions in excess of earnings) yen	Distributions in Excess of Earnings per Unit yen
Previously released forecast (A)	TBD	TBD	TBD	TBD	TBD	—
Revised forecast (B)	1,761	975	864	863	1,727	—
Change (B-A)	—	—	—	—	—	—
Percentage of change	—%	—%	—%	—%	—%	—%
(Reference) Results for the fiscal period ended August 2019	2,399	1,708	1,610	1,609	3,219	—

Disclaimer: This document is an English translation of a press release for public announcement concerning revisions to forecast of management status for fiscal period ending August 2020, and has not been prepared for the purpose of solicitation of investment.

(Reference)

Fiscal period ending August 2020

Forecast number of investment units issued and outstanding at end of period: 500,000 units

Forecast net income per unit: 1,727 yen

- (Note 1) The forecast of management status for fiscal period ending August 2020 represents the current figures calculated based on the assumptions stated in the attached “Assumptions Underlying Forecast of Management Status for Fiscal Period Ending August 2020.” Accordingly, the actual operating revenues, operating income, ordinary income, net income and distributions per unit (excluding distributions in excess of earnings) may vary as a result of differences between actual conditions and the assumptions due to developments such as future additional acquisition or sale of real estate, etc., fluctuation in rent income as a result of changes in tenants or other factors, the occurrence of unforeseen repairs and maintenance and other changes in the management environment, fluctuation in interest rates, and the issuance of new investment units. Consequently, the forecast is not a guarantee of the amount of distributions.
- (Note 2) The forecast may be revised in the event discrepancies exceeding a certain level from the forecast above are expected.
- (Note 3) Figures are rounded down to the nearest specified unit.

2. Reasons for the Revisions

With the worldwide spread of the novel coronavirus (COVID-19) infection, restriction of economic activities has occurred both in and outside Japan since February 2020, and travel demand has significantly decreased. Amid such circumstances, it was extremely difficult to predict the amount of rent from three properties (Shangri-La Hotel, Tokyo (“Shangri-La”), Courtyard by Marriott Tokyo Station (“Courtyard Tokyo”) and Courtyard by Marriott Shin-Osaka Station (“Courtyard Shin-Osaka”)) excluding the two properties (Hilton Odawara Resort & Spa and Hotel Sunroute Plaza Shinjuku) for which MORI TRUST Hotel Reit was able to predict the amount of rent in the fiscal period ending August 2020 at the time of announcement of “Summary of Financial Results (REIT) for Fiscal Period Ended February 29, 2020” dated April 23, 2020. Therefore, the management status forecast for the fiscal period ending August 2020 (March 1, 2020 to August 31, 2020) was left undetermined since the rational calculation of performance forecast was difficult.

As the hotel operation status of each property after the declaration of the state of emergency issued in April 2020 has roughly been learned and the amount of the rent MORI TRUST Hotel Reit will receive in the fiscal period ending August 2020 (Shangri-La: rent for March 2020 to August 2020, Courtyard Tokyo and Courtyard Shin-Osaka: rent for March 2020 to July 2020) has been finalized or has become basically predictable, the management status forecast has been revised based on the newly calculated performance forecast.

For the operating months of hotels of each property which serve as the base for calculating the rent MORI TRUST Hotel Reit will receive in the fiscal period ending August 2020 (“Rent calculation base month”), please refer to (Reference) below.

(Reference)

Rent calculation base month of each property for the fiscal period ending August 2020 (March 1, 2020 to August 31, 2020)

Property name	Rent type	Rent calculation base month
Shangri-La Hotel, Tokyo	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	November 2019 to April 2020
Hilton Odawara Resort & Spa	Variable rent (Rent varies each fiscal period*) *The monthly amount is fixed during a fiscal period	January 2019 to December 2019
Courtyard by Marriott Tokyo Station	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	December 2019 to May 2020
Courtyard by Marriott Shin-Osaka Station	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	December 2019 to May 2020
Hotel Sunroute Plaza Shinjuku	Fixed rent	—

* MORI TRUST Hotel Reit's website: <http://www.mt-hotelreit.jp/en/>

[Attachment]

Assumptions Underlying Forecast of Management Status for Fiscal Period Ending August 2020

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> - Fiscal period ending August 2020 (9th fiscal period): (from March 1, 2020 to August 31, 2020) (184 days)
Assets under Management	<ul style="list-style-type: none"> - The 5 properties owned by MORI TRUST Hotel Reit as of today. - The management status forecast is based on the assumption that there will be no change in the assets under management (acquisition of new property or disposal of portfolio property, etc.) other than the above through to the end of the fiscal period ending August 2020. - In actual practice, a change may arise due to the acquisition of new property or the disposition of portfolio property, etc.
Operating revenues	<ul style="list-style-type: none"> - Rental revenues, which are calculated on the basis of the lease agreements currently in force, taking into account such factors as market trends and property competitiveness, is expected to be 1,761 million yen in the fiscal period ending August 2020. - Rent included in rental revenues are calculated based on the following assumptions. Variable rent is calculated mainly on the basis of management results in the previous year by the method set out in the lease agreement of each property, taking into consideration factors for fluctuation such as recent hotel market conditions. <p>[Shangri-La Hotel, Tokyo]</p> <p>Variable rent in the fiscal period ending August 2020 (9th fiscal period): 635 million yen The variable rent for each month is amount calculated by multiplying the rent received from subtenant by tenant (hereinafter referred to as “subletting tenant rent” (see Note)) for a month three months before the month in question by 97%.</p> <p>(Note) “Subletting tenant rent” is calculated by multiplying total sales from the subtenant’s hotel operations by a certain percentage. The percentage is not disclosed as the consent of the subtenant has not been obtained.</p> <p>(Reference) Minimum annual guaranteed rent (from April each year to March the following year (see Note)): 882,700,000 yen</p> <p>(Note) If the total amount of subletting tenant rent for the period from January to December each year is less than 910,000,000 yen (including if subletting tenant rent is not paid due to vacation by the subletting tenant, etc.), rent is calculated on the basis that the subletting tenant rent for the period is 910,000,000 yen (910,000,000 yen×97% = 882,700,000 yen), and the difference (shortfall) between this amount and the total amount of rent from April to March the following year is paid, together with the rent for March the following year, no later than the last day of February the following year.</p> <p>[Hilton Odawara Resort & Spa]</p> <p>Variable rent in the fiscal period ending August 2020 (9th fiscal period): 204 million yen (including additional revenues of 2 million yen other than rent revenue which MORI</p>

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Item	Assumptions
Operating revenues	<p>TRUST Hotel Reit receives from the lessee of Hilton Odawara Resort & Spa)</p> <p>The monthly rent for March to August each year is the amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained when the sum total of the hotel's base profit for the 12 months from January to December in the previous year is multiplied by 95%.</p> <p>The monthly rent for September each year to February in the following year is the amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained when the sum total of the hotel's base profit for July in the previous year to June in the year in question is multiplied by 95%.</p> <p>(Note) "Base profit" refers to the amount obtained by the following formula.</p> <p style="padding-left: 40px;">Base profit = The profit that the lessee earns from operating the hotel – The expenses that the lessee incurs from operating the hotel (the lessee's insurance expenses, etc.).</p> <p>[Courtyard by Marriott Tokyo Station]</p> <p>Variable rent in the fiscal period ending August 2020 (9th fiscal period): 132 million yen</p> <p>The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (see Note) of the hotel for a month three months before the month in question by 90%.</p> <p>(Note) "Adjusted operating income by facility" refers to sales from hotel operations less hotel operating expenses by department, unallocated operating expenses, fixed operating costs, and operating expenses of hotel operator allocated to head office (only expenses related to the hotel).</p> <p>(Reference) Minimum annual guaranteed rent (from October each year to September the following year (see Note): 310,000,000 yen</p> <p>(Note) If the total amount of rent for the period from October each year to September the following year is less than 310,000,000 yen, rent for the period in question is taken as 310,000,000 yen, and the difference (shortfall) between this amount and the total amount of rent from October to September the following year is paid, together with the rent for September the following year, no later than the last day of August the following year.</p> <p>(Note 2) It is assumed that there will be no payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of August 2020 since the total amount of rent for the period from October 2019 to September 2020 is expected to exceed 310,000,000 yen, and that there will be no operating revenues belonging to the fiscal period ending August 2020.</p> <p>[Courtyard by Marriott Shin-Osaka Station]</p> <p>Variable rent in the fiscal period ending August 2020 (9th fiscal period): 136 million yen</p> <p>The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (see Note) of the hotel for a month three months before the month in question by 90%.</p>

Item	Assumptions
Operating Revenues	<p>(Note) “Adjusted operating income by facility” refers to sales from hotel operations less hotel operating expenses by department, unallocated operating expenses, fixed operating costs, and operating expenses of hotel operator allocated to head office (only expenses related to the hotel). Only sales and expenses relating to the accommodation of general users of the hotel are included in the calculation of adjusted operating income by facility, in principle. Sales and expenses relating to the accommodation of guests who are members of Laforet Club of the tenant, MORI TRUST CO., LTD. food and beverages, parking facilities, etc. are not included.</p> <p>(Reference) Minimum annual guaranteed rent (from October each year to September the following year (see Note): 460,000,000 yen</p> <p>(Note) If the total amount of rent for the period from October each year to September the following year is less than 460,000,000 yen, rent for the period in question is taken as 460,000,000 yen, and the difference (shortfall) between this amount and the total amount of rent from October to September the following year is paid, together with the rent for September the following year, no later than the last day of August the following year.</p> <p>(Note 2) It is assumed that there will be payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of August 2020 since the total amount of rent for the period from October 2019 to September 2020 is not expected to exceed 460,000,000 yen, and that there will be operating revenues of 22 million yen belonging to the fiscal period ending August 2020.</p> <p>[Hotel Sunroute Plaza Shinjuku] Fixed rent in the fiscal period ending August 2020 (9th fiscal period): 652 million yen</p> <p>(Note) “Fixed rent” means rent that is paid in the same amount every month.</p> <p>(Reference) Annual fixed rent: 1,304,673,360 yen</p> <ul style="list-style-type: none"> - Operating revenues are calculated based on the assumption that there will be no delinquent or unpaid rent by tenants, and that there will be no grace period for the payment of rent to the lessor or reduction of rent, etc. associated with the spread of the COVID-19 infection.
Operating expenses	<ul style="list-style-type: none"> - Of expenses related to property rental business, which constitute a major component of operating expenses, expenses other than depreciation, are calculated on the basis of historical data, taking into consideration factors causing fluctuations in expenses. It is expected to be 290 million yen in the fiscal period ending August 2020. - Property tax and city planning tax, etc. recognized as expenses in the fiscal year ending August 2020 are expected to be 280 million yen. - Building repairs and maintenance expenses are expected to be 4 million yen in the fiscal year ending August 2020. However, factors such as repairs possibly arising from unforeseeable causes, the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses

Item	Assumptions
Operating expenses	<p>differing materially from the forecast amount.</p> <ul style="list-style-type: none"> - Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc., is assumed to be 363 million yen in the fiscal period ending August 2020.
Non-operating expenses	<ul style="list-style-type: none"> - Interest expenses are expected to be 110 million yen in the fiscal period ending August 2020.
Loans	<ul style="list-style-type: none"> - MORI TRUST Hotel Reit's outstanding balance of interest-bearing liabilities as of today, is 54,500 million yen. - It is assumed that the outstanding balance of interest-bearing liabilities will be 54,500 million yen at the end of the fiscal period ending August 2020. - It is assumed that there will be refinancing of all loans coming due before the end of the fiscal period ending August 2020. - LTV is expected to be around 49.4% at the end of the fiscal period ending August 2020. - The following formula is used in the calculation of LTV, and LTV is rounded down to the nearest first decimal place. $\text{LTV} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100$
Investment units	<ul style="list-style-type: none"> - The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending August 2020. - Distributions per unit (excluding distributions in excess of earnings) is calculated on the basis of the estimated number of investment units issued and outstanding at the end of the fiscal period ending August 2020, which is 500,000 units.
Distribution per unit	<ul style="list-style-type: none"> - Distributions per unit (excluding distributions in excess of earnings) is calculated based on the assumption of the policy for cash distribution set forth in the Articles of Incorporation of MORI TRUST Hotel Reit. - Distributions per unit (excluding total distributions in excess of earnings) may vary due to various factors, including changes in assets under management, fluctuation in rent income accompanying changes in tenants and other events, and the incurrence of unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> - There are no plans at this time to distribute any cash in excess of profit (distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> - The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, the listing regulations of the Tokyo Stock Exchange, etc., or rules of the Investment Trusts Association, Japan, etc. that will impact the forecast figures above. - The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.